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MASS. BAY STATE AUDIT REPORT RESPONSE
CONFIDENTIAL REPORT

TO: Massachusetts Bay Board of Trustees

FROM: Massachusetts Bay Community College Executive Offices

DATE: August 26, 1998

SUBJECT: Massachusetts Bay Community College - Response to State Auditor's Report

Executive Summary

The recent Audit Report reflects an unfortunate misunderstanding of Mass Bay's diligent efforts to protect the integrity of the College's public contracting process. Unhappily, inaccurate reports by the State Auditor have been exacerbated by recent print media coverage which overlooks the factual circumstances implicated by the Audit Report.

The state Audit Report mistakenly suggests that the College's travel and meals expenditures are not in compliance with the former Higher Education Coordinating Council's guidelines and that funds expended for staff and trustee development, education and professional recognition were questionable because they allegedly did not show a clear business purpose and relationship to the College's mission.

The Audit Report gives the impression that the College has not properly managed its funds. However, the Auditor overlooked the fact that all of the travel was for educational, professional development and other legitimate purposes. As a public institution of higher education, Mass Bay is proud of its unblemished record of fiscal stewardship and its efforts to support its hardworking and valued workforce.

Those who read or heard accounts of the Audit Report might believe that the College could be more aggressive in its short-term investment management practices. The fact of the matter is Mass Bay had among the best returns in private investment and grantsmanship of all of the community colleges.

For the most part, the findings contained in the Audit Report have not been substantiated and indeed, virtually all of the allegations are without factual or legal basis.

During the course of the Audit Report, the auditor never requested purposes and relationship data in the form now claimed. Had the auditor done so, he would have seen that the audit trail is

complete and clearly articulates MBCC's mission complementary, business purpose and legitimate participation of the employees involved.

In many instances, the auditor mistakes the legal framework of institutional trust funds by suggesting that individual travel and meals expenditures be approved by the Board of Trustees, and that the expenditures be constrained to promulgate travel and meals schedules for classified employees of state agencies.

The Auditor also mischaracterized the College's maintenance contract process as in violation of the law. Nothing could be further from the truth.

The College's outside contracting practices were carefully reviewed by the Department of the Attorney General, the Inspector General and the courts during the course of the ensuing litigation with the employee organization (SEIU, Local 254). The Courts, the National Labor Relations Board, and the Massachusetts Inspector General have all concluded that Mass Bay has complied fully with legal requirements.

Aid Maintenance has not been the cleaning contractor for Mass Bay for over a year. The College rebid this contract at the expiration of Aid Maintenance's contract and Aid Maintenance was not the successful bidder.

During the period covered by its contract with Mass Bay, Aid Maintenance certified to the College that it was in full compliance with applicable requirements of law including documentation of immigration compliance. At the time Aid Maintenance was hired, the College was unaware of any immigration law violations and would not have hired Aid Maintenance if it had known of any. At the time of its selection, Aid Maintenance gave credible recommendations from respected institutional clients such as the Internal Revenue Service and Milton Academy.

Mass Bay Statutory Authority

The legislative history surrounding institutional trust funds goes back to the early beginnings of the community college system under the former Board of Regional Community Colleges. Under the provisions of the former Board's enabling legislation, the Board of Trustees of the regional community colleges was empowered with plenary authority to promulgate travel, meals and other professional personnel benefits and allowances on an autonomous basis as distinguished from the centralized state agency classified workforce meals allowance schedules promulgated by the Division of Personnel Administration.

In a series of informal and formal opinions of the Attorney General, these plenary and autonomous personnel and fiscal powers extended to the establishment and management of trust funds - trust funds authorized to benefit the college in furthering its overall goals and purposes. It is clear that the College's payment of travel and meals expenses of its professional workforce for purposes of conference participation, professional development, professional recognition and related business reasons, justify the reasonable expenditure of funds to advance the overall interest of Mass Bay and the communities which it serves.

Under applicable provisions of the former Board of Regional Community Colleges and current Community College Boards of Trustees enabling legislation, the several powers to establish and administer the affairs of trust funds is clearly vested in the college board of trustees.

Over the years, under the Higher Education Reorganization Act of 1980 and the several successive iterations of central board evolution, Massachusetts Board of Regional Community Colleges, Board of Regents of Higher Education, Higher Education Coordinating Council, and Board of Higher Education, the fiscal and personnel autonomy of the community college trustee boards have remained intact.

Trust Fund Past Practice

The Auditor's reliance on the HECC guidelines is fundamentally misplaced. Early on in their existence, the Regents, Higher Education Coordinating Council and Board of Higher Education recognized that local trustee boards are invested with and take full responsibility for the stewardship of institutional trust funds.

Although the Board of Higher Education is authorized through its Chancellor to accept grants, gifts and trusts for systemwide purposes, it is the institutional board of trustees which is vested with the sole and exclusive authority to seek, accept and administer trusts and other sources which may be dispersed at the sole discretion of the Board of Trustees.

Nowhere in the several iterations of the former board's trust fund guidelines are the institutions divested of their statutory responsibility for stewarding the funds. Indeed, the most recent version of the cited Higher Education Coordinating Council's guidelines reiterates that the Higher Education Coordinating Council does not have statutory authority over institutional trust funds. Under applicable provisions of the former Chapter 15A, Sections 28, 33 and 35 et seq., the former Board of Regional and Community College was invested with sole and exclusive authority to establish and maintain trust funds for the benefit of the mission, purposes and goals of the Massachusetts regional and community colleges. In sum, the College has the right to establish and administer the trust fund and disperse the funds for professional education, professional development, travel and other institutional purposes which are consistent with the mission of Mass Bay as a comprehensive community college. While some may cite several examples where expenses seemed less than reasonable, one needs to understand the fuller context of the pricing and cost considerations by region and organizational context - i.e., conference function. The important points involved here are that the Audit Report reflects an apparent misunderstanding of applicable law and regulatory requirements governing the establishment and administration of trust funds and professional personnel matters at public institutions of higher education.

Further and importantly, the auditor's findings and recommendations with respect to trust funds are somewhat misplaced given the clear mission complementarity and legitimate business and professional purposes served by the travel and meals now questioned. Indeed, Mass Bay has distinguished itself nationally in professional associations as a technically advanced community

college of choice. It is equally clear that the College's successful grantsmanship efforts have directly resulted from its positive visibility among peer institutions and professional associations. All of these purposes appear to be legitimate educational and professional development expenditures and not junkets as the auditor simplistically suggests. The auditor also attacks the College's management of the endowment challenge grant funds based on alleged co-mingling and loss of interest income on short term investment opportunities. While it is true that there was one cited instance of delay of deposit, it is not true that there was a pattern of idle funds gaining no interest. The College has carefully stewarded its funds and monitored accounts except for the one cited inadvertent delayed deposit.

The College co-mingled no funds. Like other community colleges, its pooled assets cash investment strategy allows the College to pool several funds for maximizing return on investment while segregating these funds for accounting and fiscal reporting purposes.

Subsequent to the draft Audit Report, the auditor raised questions about the College's contracting policies and practices particularly with respect to its contract with Aid Maintenance Company. What the auditor didn't say was that the Aid Maintenance contract was challenged by an outside labor union organization. In the ensuing litigation, state and federal courts, tribunals and appeals have consistently vindicated the College's position and restrained the labor organization to cease and desist from threatening and harassing the College and wrongful interference in its contracting.

From the first legal challenge launched by the labor union to the final appeal, the Attorney General's office was victorious in defending the College and vindicating Mass Bay's position in this matter. The important point here is that the Courts and the Attorney General have all reviewed these several matters and concurred with College legal, regulatory and labor counsel in defending the College's position - a position based on significant factual support.

In order for the Mass Bay community and the public to more fully understand the true facts, what follows is a brief chronological history of the true record of events.

Factual Chronology

In correspondence dated 8/17/98, the Trustees were notified that MBCC had apparently undergone a financial audit in the same period when the College was participating in what is called an "EDP" Computer Audit. The EDP audit is a review of computer operations, information flow, the quality of computer and information systems, etc. We noted that the EDP audit, which began in October of 1995, was issued by the Auditor's Office in June of 1996. There were no particular concerns identified. During the same time frame, we apparently underwent a financial audit, which, so we were later advised, primarily emphasized the use of various College credit cards in support of travel, meal expenditures, and other special supplies.

The College received the first draft of this financial Audit Report in July of 1997. The first draft of the initial Audit Report was issued approximately 18 months after the completion of the financial audit -- an audit which had been undertaken by the Auditor's Office without prior

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notice to the College. In September of 1997, College representatives, including MBCC legal counsel, met with representatives of the audit team. The outcomes of the College's discussions with the Auditor's staff as well as the substance of the College's previously established position in this matter are reflected in the MBCC correspondence to the Sate Auditor's Office dated October 1, 1997. According to notes of the September, 1997 meeting kept by College officials, the auditors indicated they were aware of the fact that College Board of Trustee policies for trust funds, the trust fund declarations and trust fund guidelines from the Board of Higher Education represented the primary financial policies related to College Trust Funds. There were no references to the Aid Maintenance Company or our cleaning contract during this meeting. The auditors asserted that the College had not provided adequate documentation in support of College credit card purchases. MBCC indicated we would provide full documentation for any credit card expenditures, particularly emphasizing travel, meals and/or special supplies. The auditors agreed to accept this information and promised to meet with us once they had had the opportunity to review the new documentation. We reiterated our desire to meet again with the auditors following their review of this new information, since we felt the added documentation warranted another exit interview.

In our correspondence transmitting the documentation to the auditors in October of 1997, we noted that we would expect to receive another draft Audit Report and exit interview. Mass Bay legal counsel pointed out that since the Audit Report had been conducted in a somewhat irregular matter, i.e., no entrance interview, etc., and that because the College had not had the opportunity to provide full documentation, the draft Audit Report of September, 1997 should be withdrawn and a new Audit Report issued, if necessary. This would require the production of a draft Audit Report and subsequent discussion. The two audit supervisors in attendance appeared to be receptive to the College's position in this matter. We had no further contact with the Auditor's Office after our transmittal to the auditors on October 1, 1997 of the additional credit card documentation.

It was a surprise when the President was informed on the afternoon of August 13, 1998 that rumors were circulating concerning an Audit Report of the College's operations. We immediately contacted college legal counsel and then contacted the audit supervisor who had been in attendance at the September, 1997 exit interview. The audit supervisor indicated that he had no information about any forthcoming Audit Report, but would "make some calls". He said he would contact us the next day. On the next afternoon, August 14, 1998, not having received any information from the Auditor's Office, we again called the audit supervisor. We were informed he had "left for vacation".

On Sunday, August 16, 1998, members of the administration began receiving calls from the press regarding an Audit Report that had been issued along with a news release from Auditor DeNucci. We were informed by the press that the Audit Report had been issued on August 11, 1998. On Monday, August 17, 1998, following delivery of the mail (no Audit Report) we contacted the Auditor's Office and asked for a copy. We were advised, "it was in the mail". After several more calls to the Auditor's Office, we received a copy of the Audit Report at approximately 2:00 p.m. on the afternoon of August 18, 1998. That was one week following the issuance of the Audit Report to the press.

Response to General Audit Report Comments

The Audit Report is divided into six sections. The first section deals with documentation for travel and meals. The second section deals with endowment funds. Sections three, four, five and six all deal with the Aid Maintenance contract. In this regard, it is important to reiterate that the auditors never discussed the Aid Maintenance contract with the College. Subsequent to the Audit Report, the College was requested by another audit team from a different office for payroll information from the Aid Maintenance Company. The auditor indicated they were investigating issues involving prevailing wages. The information was provided as requested. Additionally, during the EDP audit, the auditors asked us for copies of all College contracts for the two fiscal years being evaluated (FY95, FY96). Included in this group of contracts was the Aid Maintenance contract. No comments were made by the auditors regarding the Aid Maintenance contract.

The only Federal regulations alleged to have been violated was the "hiring" of illegal aliens. MBCC did not hire cleaners, Aid Maintenance did. No evidence was produced or identified during the Attorney General's defense of MBCC to demonstrate any illegals were hired or assigned by Aid Maintenance to the MBCC site.

Trust Fund Policies

Board of Higher Education: The underlying language of the Audit Report suggests that the College is subject to the Board of Higher Education's (BHE) guidelines governing expenditures, as well as other federal, state, and College regulations that might be applicable. The Audit Report also indicated, "we also reviewed certain improprieties reported under Chapter 647 of the Acts of 1989 regarding MBCC's cleaning contract". We were never informed as to "who reported" these alleged improprieties.

To understand the Audit Report findings, it is necessary to understand the regulations that apply to the expenditure of Trust Funds at Massachusetts Bay Community College. For this reason, we requested Mass Bay legal and labor counsel review this matter for the purpose of advising the College as to matters of legal compliance. Based on the summary information provided by the College and further review by legal and labor counsel, it appears that MBCC has conformed with applicable legal requirements governing the expenditure of trust funds.

The former Board of Regents' (Board of Higher Education's) Standards (Guidelines) for the Expenditure of Trust Funds (as revised) note that, "responsibility for the specific trust fund guidelines and regulations rests with the institutional board of trustees", and further that "responsibility for trust fund administration rests with the president or chancellor of the institution"; and "clear goals and objectives for the trust funds should be established by the institution and where feasible an annual budget should be developed"; and "the president shall provide a detailed accounting of trust fund expenditures to the board of trustees on a quarterly basis"; and "the level of detail required in the quarterly and annual report is left to the discretion of the board of trustees at each campus"; and finally, "wherever these Standards require prior

approval, the approval of the annual budget by the board of trustees satisfies prior approval requirements for any expenditure highlighted in these Standards".

The auditors erroneously maintained in their report that each travel item, each meal purchase, and each special item of expenditure must be approved individually in advance by the trustees in order to meet the Standard established by the Board of Higher Education. The BHE issued general guidelines and indicated, as is the case with MBCC, that all funds identified for each item could be identified in the budget approved at the beginning of the fiscal year. The auditors recognized that our budget process identified travel for each administrative staff member, travel for the trustees and, travel for staff and further, that the dollar amounts are identified and approved on an annual basis by the BHE. However, the auditors have determined that this approach is insufficient to meet the objectives of the Standards even though the BHE has specifically authorized the trust fund expenditure approval process followed by MBCC.

Board of Trustees' Trust Fund Policy: On October 3, 1989, the Board of Trustees again ratified and approved MBCC Trust Fund documents including what is identified as the All College Purpose Trust. This is the principal account from which executive travel and other related expenses are expended. This Trust Fund language notes in part, "the College must engage in activities which promote employee morale, generate philanthropic support and enhance the well being of the institution." Also, "travel, entertainment and other expenditures should be made in moderation and good taste". Also, "within moderate limits set by the board of trustees, certain expenditures of trust funds to enhance employee and student morale or to recognize achievement, longevity, performance or retirement can be made. These circumstances can include social functions and employee/student recognition awards." Finally, "the president, in conjunction with his staff will develop an annual spending plan (budgets) for each individual trust fund at the College. This spending plan, with revenue projections, will serve as a guide for the trust funds' financial activity during the fiscal year. The proposed spending plans will be submitted to the trustees' finance committee at the beginning of each fiscal year for their review and recommendations. The spending plan will then be submitted to the board of trustees for their approval." Finally, "the president and the dean of administrative services are delegated the authority to commit trust fund monies within the regular expenditure levels established by the annually approved trust fund budget".

This Trust Fund document was first adopted by the Board of Trustees in 1978, revised in 1984 and ratified in 1989. This is the procedure the College uses to both obtain approval by the trustees prior to expending funds, monitor the expenditure of funds, and report the expenditure of funds. The reporting methodology has been revised several times in the course of the last fifteen years at the Board of Trustees' direction. The documentation submitted to the Board of Trustees as part of the budget process, the quarterly reports, and the final expenditure report is the direct result of directions from the Board Personnel and Finance Committee as to the format for this information.

In each instance, the expenditures identified in this Audit Report were in conformity with the Board of Trustees' policies on trust expenditures and the BHE's guidelines on trust expenditures.

Red Book: The state auditors continuously refer to what they call the "Red Book". The "Red Book" is a document issued by the State Personnel Department, governing the expenditure of travel and related funds by state agencies which fall under the personnel jurisdiction of the Executive Office of Administration and Finance. These regulations do not govern travel expenditures of public institutions of higher education which are fiscally autonomous in matters of professional staff policies and in the establishment and administration of institutional trust funds.

Federal Regulations: The next set of regulations referenced by the auditors has to do with federal regulations concerning grants and the hiring of illegal aliens. The only item of expenditure that comes under federal regulation are references to the College's Endowment Challenge Grant received under a program obtained from the U.S. Department of Education. The Endowment Challenge Grant specifies that the College will manage these funds in an appropriate manner. The funds are restricted by Federal Regulations in that they cannot be invested in real estate and/or high-risk securities. It is expected that the funds will be used, among other purposes, in conjunction with donations, to establish an endowment corpus that will provide interest income for other related expenditures. The interest income from the endowment is used for various College projects including scholarships, equipment, professional development, research, construction, and related expenditures as specified in the Endowment. The Audit Report provides no explanation for the methodology used to compute the alleged $26,000.00 loss in interest. No federal regulations were violated, even though no interest was earned. The primary directive regarding federal endowment contributions identified on October 1, 1993 by the Management Analyst of the Endowment Grant Program and in CFDA #84.031G, June 11, 1992, is that the funds will become part of an Endowment Corpus and will not be expended. In this regard, federal policies were met and there is no violation of regulations.

Response to Specific Audit Report Items

Aid Maintenance Company Contract

As indicated in preliminary correspondence to you dated August 17, 1998, the financial Audit Report occurred during the same period that Local 254, SEIU was involved in trying to organize the Aid Maintenance Company. MBCC had bid the College's cleaning contract in 1994. Since 1978 all College cleaning contracts have been awarded to outside contractors. The Aid Maintenance Company was awarded the contract as low bidder. No issues were raised regarding the quality of their service or other related concerns. In July of 1995, the College decided, in accordance with state regulations, to extend the Aid Maintenance cleaning contract for one more year since the Aid Maintenance Company was willing to hold the contract price at the previous year's level. Subsequently, the Dean for Administrative Services was informed by the union organizer for Local 254, SEIU, of several SEIU allegations against the Aid Maintenance Company. The College Business Office reviewed the charges and asked for a response with documentation from the Aid Maintenance Company regarding each charge. The Aid Maintenance Company was able to provide documentation that assured us that they met all federal requirements in their contracting with the United State Navy, the Internal Revenue Service, Milton Academy, and some 30 other state, federal and private corporations.

The College Business Office felt this documentation was complete and refuted the SEIU's charge that the Aid Maintenance Company was an illegal operation. It is apparent that the SEIU, in their failure to organize the Aid Maintenance Company (a non-union shop), was attempting to bring pressure on the College. During the contact with Local 254, SEIU, officials of Local 254 contacted the College and forcefully indicated that they were opposed to MBCC doing business with Aid Maintenance. They were advised that the Company was the low contract bidder.

Subsequently, Local 254 began a series of harassing actions against the College, including picketing, attending Board of Trustees' meetings and distributing defamatory literature to MBCC students, faculty, staff and visitors. The College and Aid Maintenance sought redress through legal action. After obtaining documentation from Aid Maintenance Corporation and the College, the Commonwealth, acting by and through MBCC legal and labor counsel and the Attorney General, successfully defended against Local 254, SEIU. Local 254, SEIU was ordered by the NLRB to cease and desist from engaging in such unlawful conduct which coerces or restrains MBCC from doing business with Aid Maintenance. The decision was appealed by Local 254, SEIU to the U.S. Court of Appeals. Local 254, SEIU lost its appeal and Local 254, SEIU was ordered to refrain from all such activities (see attachment 1). The Massachusetts Attorney General's Office, which represented the College during this period, did not find that the Aid Maintenance Company had violated federal or state regulations. They also did not find that the College had violated any other federal or state law.

Board members may recall this was also the period in which the MBCC faculty union was pursuing statewide collective bargaining issues as well as their concerns with the administration of the College. The Faculty Union had voted no confidence and wanted major changes to the institution. Beginning in the Fall of 1995, the Faculty Union brought several allegations to the auditor's attention. On a number of occasions, spokespersons for Local 254, SEIU and the teachers' union together attended Board meetings interrupting Board of Trustees' deliberations.

During the course of the EDP audit (10/95-6/96), a copy of the Aid Maintenance contract was included with other contracts that had been requested and no exceptions were taken and no issues were raised. Subsequent to both the EDP and financial audits, the College was contacted by another auditor out of a different office, who requested payroll information on the Aid Maintenance contract. This auditor indicated he was investigating prevailing wage issues. All requested documentation was provided on a timely basis. Again, no comments were made to MBCC staff. Exceptions taken by the auditors that the contract had been illegally awarded, and that there were problems with prevailing wage, were never brought to the College's attention. We would note once again that the auditors in their introduction stated that they, "reviewed certain improprieties reported under Chapter 649 of the Acts of 1989 regarding MBCC's cleaning contract". Whatever those alleged improprieties were, they were never previously discussed with the College.

Recommendation: No illegal aliens were found to be working on site. A report by the classified union steward that Aid Maintenance was hiring illegal aliens to work at MBCC was never

substantiated. The union steward has now denied that he ever brought any charges to the College's attention. Since allegations in the Audit Report were not substantiated, the College need not further respond to these issues. As a practical matter, it should be noted that Aid Maintenance Company participated in a "re-bid" of the contract this spring and was not the low bidder. Although SEIU had raised the same issues as previously during this latest bid process, SEIU immediately withdrew requests for documents and other demands, once Aid Maintenance Company was not designated as the low bidder.

Endowment Fund

This was one of the items identified in the initial meeting with the auditors in September of 1997. They noted that the College "lost" interest as a result of College actions. The College process for handling receipts is to deposit all dollars into various "clearing" accounts and then disburse them through various "disbursement" accounts in order to provide a clear audit trail of funds coming in to and being disbursed by the institution. Since these accounts were not designed or intended to hold funds for significant lengths of time, they were routinely established as non-interest bearing/compensating accounts. It is common business practice for earnings from these accounts to defray banking service costs, which would otherwise be charged back as fees. In an audit performed by the College's independent auditors, a recommendation was made that since MBCC now deals with larger amounts of cash, both as a result of a more aggressive resource development effort and additional revenue, we should convert all accounts to interest bearing accounts. The College has now implemented this recommendation.

The issues regarding the receipt of two federal challenge grants were as follows: The first federal challenge grant provided $500,000.00 for the establishment of an endowment if the College could match these funds within 18 months. Another $150,000.00 was identified by the U.S. Department of Education to increase the challenge grant should, once again, the College be able to match the funds within 18 months. The College did match the funds as required. As a result, two checks were received by the College, one on July 27, 1994 for $500,000.00, and second for $150,000.00 on May 31, 1995 for a total of $650,000. The funds were placed in a "non-interest bearing" account to be transferred to the Foundation.

Between July 27, 1994 and October 13, 1994 discussions were taken by Foundation representatives with BackBay to establish the Endowment Account. During this period, the money remained ready for transfer to BackBay Associates and no interest was received. Subsequently on November 2, 1994, the Chair of the Foundation Finance Committee requested a check be issued to BackBay in the amount of $1,140,000.00 (the $500,000 challenge grant and additional funds) to be delivered payable to BackBay Associates. The College suggested to the chair of the Finance Committee that the funds be transferred electronically. The chair preferred to have a check cut by the College that he would hand deliver to BackBay Associates. The check was cut by the College and given to the Chair on November 2, 1994. Subsequent information indicates that deposit of the check was inadvertently delayed in being transmitted to BackBay Associates. BackBay Associates apparently held the check for some length of time prior to deposit and deposited the check in an interest bearing account on March 31, 1995.

The auditors allege that the purpose of the delay in transferring the funds to the Endowment interest bearing accounts managed by BackBay Associates was to cover a College cash-flow problem and a required payroll. According to the Audit Report, this would represent a "mixing" of federal and local funds. This is a misstatement. The delay in the depositing of federal funds was due to an isolated inadvertent delay in depositing the check and not because of a shortfall of funds to cover payroll.

The College maintains a limited number of equity funds to conduct its activities and also maintains a minimal number of bank accounts to hold and process activity within those funds. It is not common business practice to maintain separate clearing, savings, disbursement accounts for each individual trust fund. The College's account number coding system maintains the identity of each fund which might be held in a singular cash account. The auditors were not advised that funds were needed to cover a shortfall in the payment of staff payroll costs. What the auditors were advised by the Business Office is that the, "status of individual trust fund cash accounts is determined by the combination of cash in all College cash accounts. The endowment funds in question were not used to cover payroll". Although these federal funds were held in accounts from which payroll funds were disbursed, BackBay Associates unintentionally held the check for some length of time prior to deposit.

The auditors were provided with copies of the actions taken by the College's Trustees in regard to the Endowment Fund, challenge grant, and investment committee. They were also provided with copies of authorizing resolutions adopted by the Foundation to establish the Endowment. There was no mixing of funds, no effort to cover shortfalls in payroll, and all necessary and appropriate documentation governing the relationship between the Foundation and the College was made available to the auditors.

Recommendation: The President has directed the Dean for Administrative Services to review all receiving accounts to make certain that they are all interest bearing accounts. No College funds received by the College from any sources will be held longer than three days before they are deposited in an interest bearing account. The issue will be reviewed and operative forthwith. The process of identifying dollars received by financial code will be continued. According to the College's independent auditors, this is a standard format for identifying individual dollars that may be properly deposited in the same interest bearing accounts and interest will be pro-rated to each individualized deposit.

Documentation and Justification for Meal Expenses

As noted in introductory comments, when Roger Van Winkle joined the institution in 1983, he indicated to the Board of Trustees that he believed it was necessary that what MBCC described as a "discretionary fund" be available for expenditures by the President. He specifically inquired whether these funds could be used for "entertainment of College and community personnel at home". Further, "entertainment of College and community persons off-campus, i.e., dinners, lunches, etc., "also used to send flowers to College and community personnel at times of grief or times of special occasions", also, "lunches for faculty and staff on campus, i.e., division meetings with President, opening day activities, etc." also College receptions for dignitaries, artists, etc."

The Chairperson of the Mass Bay Board of Trustees, with the knowledge of the Regents' executive and legal staff, acknowledged that the items specified in the February 17, 1983 letter to the Mass Bay President are in accordance with the understanding of the Board of Trustees with the exception of the following..." the two exceptions had to do with disability and life insurance which could not be set by the Trustees, (attachment 2). In December of 1983, the Board of Trustees re-affirmed the establishment of a $10,000.00 fund to be used by the President for, "the purpose of improving faculty, staff and student morale." (Attachment 3).

President John McKenzie, the founding president of the institution, exercised absolute control over the "discretionary fund" referenced above. When he joined the institution in 1983, the current President requested that the "discretionary fund" be eliminated and that line items be identified for expenditures. Since 1984, when the new budget process was implemented at MBCC, line items have identified all presidential travel, meal costs, and other related expenditures. Each year the Board of Trustees, in accordance with Board of Higher Education policy, approves the budget for the institution, which identifies travel for MBCC administrative offices, the Board of Trustees and other staff at the College. Similarly food and related expenses, special supplies, and related expenses are also identified in the budget and approved on an annual basis. Quarterly reports are given to the Board of Trustees for each of these areas, as is the final report on total expenditures.

The auditors indicated that they thought these were "fun lunches" and had no relationship to the business of the institution. Under Board of Trustee policy, in place since 1978, and in conformity with Board of Higher Education policies, the College has always been able to pay for lunches and dinners of College personnel related to college business and in support of staff morale.

In the two fiscal years audited, FY 95-96, Massachusetts Bay employed between 32 and 35 administrative staff. This was the complete administration of the College which managed two full-service campuses and a wide range of programs for well over 6,000 students. During the same period of time, other similarly situated community colleges had between 110 and 140 administrative staff. Enrollments at these same institutions ranged from the same as Mass Bay's to half the number of Mass Bay enrollments. As the Board is aware, MBCC has always been significantly underfunded by the state. The institution has dedicated the overwhelming percentage of its available resources in support of the teaching/learning process. In the 1980's, when the institution was reduced over $1,500,000.00 in funds returned to the Commonwealth, no faculty or classified staff members were laid off. Approximately ten administrators were either reassigned to faculty status, retired, or were laid off. In the course of that 18-month period, the administrative staff at the College slipped to approximately 22 individuals.

When Roger Van Winkle joined the institution in 1983 there were approximately 45 administrators. During his tenure as president, he streamlined the institution and reduced administrative staff. Following the financial crisis of the 1980's and the significant cut in College funding, administrative staff was further reduced. By FY95-96, administrative staff had been increased to 32 and then 35 administrative staff members. Each one of these administrative

staff wore several administrative hats. For example, in addition to serving as Vice President, one administrative staff member also served as two division chairs, a dean, and as a director. Similarly, other deans also served as division chairs and directors. The bottom line is that the administrative staff at Massachusetts Bay regularly spent 55-65 hours a week performing their responsibilities. If this had not been the case, the College would not have survived.

In Annual Reports to the Board of Trustees between the mid-1980's and 1990's, the President repeatedly called attention to the outstanding dedication of a handful of administrative staff. In each Annual Report, the document recognizes their contribution as being a major factor in the success of the College.

Because of this extra commitment and dedication, the President took staff to lunch to discuss business issues and in recognition of their extra efforts. The Board should be aware that between 1984 and 1989 there were no increases in administrative salaries. Since 1990, the salary increases have ranged between two and three percent, annually. The total dollars identified by the auditors as being spent on lunches, dinners, and other events is about $10,800.00. This extends to a period of nearly 17 months. The dollars dedicated to these activities constituted less than .04% of the College's operating budget. All of the funds expended were identified in the two fiscal year budgets, as approved by the Trustees as required in both College and BHE regulations. In both fiscal years, the funds were actually underspent. Receipts have also been included for each activity. The receipt identifies the restaurant, the date, the total, and the individuals in attendance.

During the 1985 audit, the Auditor's staff advised Dean of Administration, Daniel Nadeau, as to the documentation necessary. It was at that point that the College began to routinely identify lunches as "business lunches", consistent with the idea that taking individuals to lunch in recognition of their contributions to the College, and primarily discussing College business issues, was a legitimate business expense. Receipts for each activity were included. These activities were not challenged by the auditors (attachment 4). These expenditures met state requirements. The fact that these modest issues were the total dollars spent on all luncheons and related activities by the President for over 17 months, evidences the reasonableness of these expenditures.

Travel

There were 13 examples of travel activities identified by the auditors. In each case, the primary accusation is that there is inadequate documentation. In each case, the documentation provided was that which was requested by the auditors. When representatives of the College met with the auditors in September, 1997, the auditors maintained that they had not received all credit card documentation for travel, meals and related expenses. In the Audit Report, the auditors noted, "the purpose of our review was to conduct an audit of administrative expenses, such as purchases made with the MBCC credit card, and employee related expenses, such as travel and meals." This was the documentation requested. There was never a request by the auditors for all documentation for trips or activities. If this information had been requested by the auditors, it would have been provided by MBCC.

The MBCC reference list of expenditures, identified by the auditors was a spreadsheet that had been prepared by the College so that the auditors could easily evaluate and understand the interrelationship of various College credit card expenditures and the mission of the College. If the auditors had requested full documentation for all trip expenditures, the institution would have provided them. As an example, a trip made by 26 faculty and staff indicated charge card expenditures of approximately $10,000.00. These were the charges primarily generated from airline tickets. The additional charges for room and board and other expenses were not requested by the auditors. Some of these were directly paid by the College. Therefore, the listing of the total expenditure of $43,000.00 for two trips over two years with approximately $10,000.00 in identified expenditures is an inaccurate and misleading comparison. The remaining documentation was available, but was not requested by the auditors. There is no discrepancy as far as College records are concerned, and this issue is the same in each of the 13 trips identified.

Another comment references an Association of Community College Trustees (ACCT) meeting in Washington, DC, in which the Trustees were briefed by governmental representatives. These were information luncheon meetings scheduled by ACCT. The Trustees were represented at all these luncheons so as to understand the many aspects of federal educational policies. These were not political "PAC" contributions as charged in the Audit Report.

There are also comments on cash advances. Cash advances for travel are approved in Board of Higher Education regulations and in College Trust Fund Regulations. These advances have gone to the Alumni Trustee, the Student Trustee, other trustees, administrators, faculty, students, and staff at the College. In each instance, these advances are justified based upon the total expenses involved. In the case of a Student Trustee, as an example, the individual usually does not have a credit card. Therefore, he/she must pay hotel and other expenses in advance. The College provides these dollars and requires receipts for the expenditures.

The auditors did not request information on the clearance of cash advances. These advances were never identified in any discussion with Business Office personnel. Had they been identified, in most cases, the documentation was available. In all other cases, advances are required to be cleared in an appropriate manner. The Business Office does not keep the records of advances, regular College trip expenses, and other miscellaneous trip expenses in the same file. The Business Office has explained that there may be as many as three or four months between the time a flight is booked for a trip and the final receipts for the trip are received. Each set of documentation is treated as a separate financial transaction. Recommendations regarding such situations are found below.

In instances where total daily meal charges ranged between $60 and $70 for individuals in such cites as San Francisco, Dallas, and San Diego, the amount was not unusual. Considering the cost of living in these cities (not dissimilar to Boston) breakfast and lunch at a hotel followed by dinner in a middle priced restaurant will generate $60-$70 per day expenses. This is in conformity with Board of Higher Education and College regulations. The "Red Book" indicates that breakfasts are in the range of $3.00-$4.00, lunches $4.00-$6.00 and dinner $8.00-$10.00. The "Red Book" does not apply to Higher Education. The dollars identified in the "Red Book"

primarily apply to classified staff, i.e., maintenance and other workers who may travel on local business. Again, these regulations do not apply to Higher Education. The costs that have been identified in the Audit Report are reasonable.

There was one incident during the 17-month period that was identified as too expensive. This was a dinner meeting of seven staff members attending a convention in San Francisco. A California community college president had advised the MBCC President that a particular restaurant was moderately priced and that the food represented "California cuisine". Seven individuals from the College had dinner at the restaurant beginning at 8:00 p.m. When individuals began to order, they found that prices were more expensive than initially suggested. At this point in time, in the President's judgment, it was too late to leave the restaurant and locate an alternative site. The average cost per dinner was $64.00. This was higher than anticipated and was the only example of such an expense during the entire year and one half period of the audit. Recommendations regarding such situations are found below.

Another item specifically identified by the Audit Report was the use of a Lincoln Continental by the President. This was identified as an exorbitant expenditure. The President does not order transportation by identifying a specific vehicle. He does order a full-sized fleet vehicle. In addition, since seven individuals were attending this particular meeting, the President requested a large car that would carry all individuals and their luggage. The plan was to defer taxi costs, other costs of visiting area community colleges and various travel related to the convention. The actual cost of the vehicle was just over $300.00 for the four day meeting. This exceeded expectations, even though transportation was provided for seven individuals. Recommendations regarding automobile rentals are set forth in a later section of this document.

According to the press, there were two other trips identified by the auditors that were considered clear examples of "junkets." One such trip was by an administrative staff member to Puerto Rico and another such trip was a "one-month meeting in Las Vegas" by two deans. The second meeting never occurred. We have no idea where the material came from. When the reporter from the Chronicle of Higher Education was contacted, she said the information came from a deputy auditor. There was no such reference in the Audit Report. The trip to Puerto Rico was not cited in the Audit Report. However, a trip did occur. The College was undergoing an institutional reaccreditation. The Dean for Student Development was on sabbatical leave. When the New England Association was scheduled to visit the College, it was determined that it was necessary to have the Dean for Student Development return from her sabbatical leave in Puerto Rico to be present for the visitation. The College paid for air transportation from Puerto Rico to Boston and return to Puerto Rico. The auditors did not cite this trip in their documentation. Nevertheless, it was referenced continuously by deputy auditors in their comments to the press.

The auditors also noted that there were insufficient receipts from some airline travel. Specifically, they noted that two individuals traveled for under $170.00. This was cited as inadequate documentation. The auditors had been advised that the College requires that all airlines be booked through a central office. They were also advised that when airline tickets were not used, they went into the "airline ticket bank". If, in the instances quoted, the auditors had requested additional documentation, they would have been advised that the expenditure of

$168.00 was a connecting flight and one more ticket. There was adequate documentation available, but the auditors had not identified this as an issue.

Trips taken by the administration, the trustees and faculty were described as "junkets." However, the total dollars referenced were for all travel by all constituencies. The statements by the auditors released to the press seemed to indicate that a handful of administrators had expended these funds. The trips were actually taken by nearly 60 faculty, 22 administrative staff, some students, and a number of Trustees. The dollars identified were approved in advance by the Trustees in the College budget, as required by BHE and Trustee procedures. These expenses also covered most of the two fiscal years. The total funds expended were less than approved by the Board of Trustees for each fiscal year. These were not "junkets." The following organizations sponsored the conventions, meetings, and conferences attended by Mass Bay personnel.

* **Alverno College Professional Development Workshop (Alverno)** - Workshop on assessment and outcomes evaluation attended by 52 faculty and staff over the course of two years. Cited by the New England Association as an outstanding example of MBCC's commitment to professional development.

* **American Association of Community Colleges (AACC)** - The national two year organization with which MBCC is affiliated.

* **American Association of Community College Trustees (ACCT)** - The national two year college organization with which the Trustees are associated.

* **The American Association of Higher Education (AAHE)** - The national organization dealing with higher education issues. Particularly, liberal arts faculty and administrators are affiliated with this organization.

* **Computer Integrated Manufacturing in Higher Education (CIM)** - this was a national consortium through which the College received various financial incentives and awards. The College's Advanced Technology Center is a member.

* **U.S. Department of Education/Financial Aid Conference** - This is a conference required of financial aid personnel to maintain a knowledge base in the constantly changing area of financial aid.

* **General Motors ASEP Training Program (GM/ASEP)** - Meetings required by general Motors of all ASEP participating partners.

* **The League for Innovation in the Community Colleges (League)** - This is the national organization with which the College is affiliated. Primarily interested in innovative approaches to education, management, technology, etc.

* **The National Coalition for Advanced Manufacturing (NCFAM)**- This is an organization with which the College is affiliated that provides a wide-range of services

and grant support for manufacturing initiatives in such areas as Electronics, Laser, and Fiber Optics.

* **National Council of Instructional Administrators (NCIA)** - This is the national organization affiliated with AACC for administrators in community colleges. MBCC's President was a founder, President and member of the board of directors of this organization.

* **National Council of Marketing and Public Relations (NCMPR)** - The national council dealing with public relations and advertising. The College is a member.

* **The New England Association of Schools and Colleges (NEASC)** - This is the regional accrediting agency for the College.

* **Toyota Motors T-Ten Training Program (Toyota T-Ten)** - This is the national manufacturing association with which all Toyota programs are affiliated.

* **National Coalition of Advanced Technology Centers (NCATC)** - This is the national coalition of 64 colleges with Advanced Technology Centers. MBCC is a founding member and has received financial and other support. The MBCC President was on the Executive Board of Directors. The MBCC Vice President is on the Board of Directors.

Each one of the above-listed organizations is an important industry or professional higher education partner with MBCC. They provide a wide-range of information, support, grants, gifts, contracts, educational programs, and other related support. They are all professional organizations, business corporations or governmental organizations. They support the MBCC Mission of Advanced Technology and Health Sciences and are important to the ongoing development of the College and its career preparation programs. Each of these organizations and their contributions) to the College Mission were identified in our October 1997 correspondence with the auditors. It was clear from the MBCC spreadsheet and other documentation that these organizations were legitimate and important organizations supporting the mission of MBCC. The auditors mischaracterized these meetings and conferences as "junkets".

Recommendations

The Business Office has been advised of the following:

1. All travel for each trip will be kept in a single file by the Business Office. All charges for each trip will be cleared as one activity. All receipts must be submitted by participants within 30 days of the trip.

2. Itemized hotel receipts will be submitted to clear hotel accounts. The receipt will include the full printout of activities of the individual attending the meeting. If such documentation is not initially available, it is the responsibility of the individual submitting the documentation to obtain said print out from the hotel.

3. Meals identified as "moderate" may not seem to be "moderate" in another region of the nation. In the future, meal charges in excess of $40.00 per person will be personally reimbursed by the individual. Documentation identifying any such meal will be included in the receipts submitted to the Business Office.

4. Regardless of the fact that a large vehicle may, indeed, be the most cost-effective form of transportation for a large number of individuals, it nevertheless, may appear to be somewhat excessive. It is directed that no member of the College community may rent a vehicle in excess of a mid-range, i.e., Taurus, etc. In some instances, this may require the rental of more than one vehicle. Nevertheless, the appearance of excess will be avoided. This policy is effective immediately.

Attached are examples of documentation from the President's Employment Contract, the Board Trustees' Trust Fund Policies, the Board of Higher Education's Standards for the Expenditure of Trust Funds, and correspondence from the Business and Executive offices that describes the College's response to issues raised in the Audit Report.

The College believes that it has conformed to applicable College, State and Federal policies and regulations. The lack of documentation identified in the Audit Report is a direct result of the auditors' failure to request said documentation. The President's correspondence of October 1, 1998, with the auditors, thanking them for giving the College the opportunity to provide additional documentation, specifically referenced College credit card charges. This was the intent of the Audit Report as identified in or September, 1997 meeting with the Auditors, and as described on page one of the Audit Report.

The Audit Report discussed a wide range of issues, including the lack of total documentation for certain trips. This information was never requested. Additionally, the Aid Maintenance issue was never discussed during the audit process. Any documentation discovered by the auditors during their investigation of Aid Maintenance or other organizations was never reviewed with the College. The College was required, when necessary, to maintain employment records related to the contractor. The regulations regarding cleaning companies do not require that payroll records be kept by the institution. These records were obtained from Aid Maintenance for the Attorney General's Office during the ensuing litigation with Local 254, SEIU.

We believe the other areas identified in the Audit Report have been or are being addressed. We will, of course, be available to review any of these issues with the Board of Trustees, and will, of course, forward our response to the Auditors when it has been completed.

(12–70)

ATTACHMENT 1

NOTICE TO MEMBERS

POSTED PURSUANT TO A JUDGMENT OF THE UNITED STATES COURT OF APPEALS

ENFORCING AN ORDER OF THE NATIONAL LABOR RELATIONS BOARD

The National Labor Relations Board found that we violated the National Labor Relations Act and has ordered us to post and abide by this Notice.

WE WILL NOT engage in any strike, picketing, or other concerted refusal to work at WOMEN AND INFANTS HOSPITAL, or any other health care institution, without notifying, in writing, WOMEN AND INFANTS HOSPITAL, or such other health care institution and the Federal Mediation and Conciliation Service, not less than 10 days prior to such action, of the intention.

WE WILL NOT restrain or coerce Women and Infants Hospital, or any other person engaged in commerce or in an industry affecting commerce, where an object thereof is to force WOMEN AND INFANTS HOSPITAL, or any other person from doing business with Intercity Maintenance Company.

WE WILL NOT threaten to picket, picket or by any similar or related conduct which coerces or restrains MASSACHUSETTS BAY COMMUNITY COLLEGE, or any other person engaged in commerce or in an industry affecting commerce where an object thereof is to force or require MASSACHUSETTS BAY COMMUNITY COLLEGE, or any other person engaged in commerce or in an industry affecting commerce, to cease doing business with AID MAINTENANCE CO.

LOCAL 254, SERVICE EMPLOYEES INTERNATIONAL UNION, AFL-CIO
(Employer)

DATED: June 5, 1998 BY: _____
(Representative) (Title)

WEWERE
MOVED

FEB 22 1983

columbia-greene
community
college
BOX 1000, HUDSON, NEW YORK 12534
TELEPHONE: 518/828-4181 • 518/943-6730

CE OF THE PRESIDENT

February 17, 1983

Mr. Felix Juliani
Chairman
Board of Trustees
Massachusetts Bay Community College
50 Oakland Street
Wellesley, MA 02181

Dear Mr. Juliani:

Please find below my interpretation of the items we discussed at our February 14th meeting. Some of the specifics were identified in my telephone conversation with Mr. Walsh prior to our meeting. I believe this list covers all pertinent understandings.

GENERAL

3 Year Contract
Starting Date - 6/1/83
Salary - $54,000
Sick Leave - 15 Days
Vacation - 22 Days
Personal Days - 3 Days
Disability - Paid by College
Life Insurance - $50,000 paid by College
Retirement - 7% Contribution by RVW
Medical Insurance - 10% Contribution by RVW
Auto - Supplied for business and personal use
Merit Pay - $1,500 possible after 3 months in position
Educational Benefits - Dependents at Community College
Other benefits as per State

DISCRETIONARY FUND

Approved by the Board of Trustees at currently approved levels to be increased as may be required.

1. Can be used for entertainment of college and community personnel at home.

2. Can be used for entertainment of college and community persons off campus, i.e. dinners, lunches, etc.

3. Can be used to send flowers to college or community personnel in times of grief or special occasions.

4. Lunches for faculty and staff on campus, i.e. Division meetings with President, opening day activities, etc.

5. College receptions for dignitaries, artists, etc.

6. Membership in civic organizations such as Chamber of Commerce and Rotary.

7. Payment of help used during home open houses, etc.

Discretionary fund must be receipted but can be drawn upon by President as needed.

1983-1984 Fiscal Year

1. Will receive same percentage of increase as other Presidents in system.

2. Will receive some additional benefits, i.e. housing allowance, dependent tuition waiver, etc. as other Presidents.

CONSULTANT ROLE

1. Will be paid $5,000 in May to act as consultant for College. Duties shall be to familizarize self with College, personnel, and area.

2. Consultant time - approximately 21 days will be scheduled at my convenience. The time involved can begin as early as February - March but payment in May.

3. Consultant time can include review and study of materials sent to me as well as meetings on campus or with state officials.

4. All expenses (room, board, travel) incurred by JVW will be covered by college.

Not Applicable

I believe this list basically covers my understanding of our arrangements. I am looking forward to working with all the members of the Board in the months ahead and am pleased to accept the appointment as President of Massachusetts Bay Community College.

Sincerely,

Roger A. Van Winkle

RVW/cjn

MAR 3 1983

February 25, 1983

Mr. Roger A. Van Winkle
25 Prospect Avenue
Catskill, NY 12414

Dear Mr. Van Winkle:

I am pleased to inform you that the Board of Trustees of Massachusetts Bay Community College at its meeting on February 17, 1983 approved your appointment as President of the College effective June 1, 1983 subject to the following conditions:

Period of Appointment: June 1, 1983 to May 31, 1986

Assignment: President of the College (As set forth in the job description attached hereto and incorporated herein.)

Salary: $54,000 per annum, subject to such adjustments in annual salary rate and such non-salary merit payments and other forms of compensation as may be authorized by law

Board Personnel Policy: Applicable provisions of the Massachusetts Board of Regional Community Colleges Personnel Policy Handbook as amended by the Board of Regents of Higher Education, pursuant to Chapter 15A of the General Laws

Laws of the Commonwealth of Massachusetts: In all other respects, the terms and conditions of your employment shall be governed by the laws of the Commonwealth

It is further recognized, understood and agreed that

1. This appointment is for a period of thirty-six (36) months without any obligation on the part of the Board to offer any extension or renewal and no obligation on your part to accept any offer of extension or renewal should such offer be extended.

2. An annual evaluation of your performance shall be conducted by the Board on or before the first day of May of each year of your appointment. It is understood that the results of such evaluation may be considered by the Board when making its determination to reappoint or not to reappoint you to the position as President of the College.

3. In the event the Board determines not to reappoint, you shall be given notice of this decision twelve (12) months prior to the expiration of your appointment.

4. Your employment may be terminated at any time for cause upon approval of the Board of Trustees and the Board of Regents of Higher Education in accordance with the Board Personnel Policy.

er, the items specified in your letter to me dated February 17, 1983 are in dance with the understanding of the Board of Trustees with the exception of llowing:

. Disability insurance is not presently provided State employees, although I understand that this item may be negotiated at a later date by the Board of Regents.

Life insurance, in addition to the $2000 provided with the health plan, is available up to a maximum of $1000 less than the annual salary at a minimal monthly premium. (see enclosed chart).

erms and conditions of appointment are acceptable to you, please indicate eptance by signing the enclosed copy of this letter and returning it to rch 4, 1983.

intment by the Board of Trustees has been forwarded to the Board of f Higher Education for concurring approval and is expected to be acted heir next meeting on March 8, 1983. I will be in touch with you again action by the Board of Regents.

this opportunity on behalf of the Board of Trustees to tell you how am at the prospect of your assuming the presidency of Massachusetts ity College. In the meantime, I hope you will contact me at 46 or through the College if there is any way in which I or the an be helpful to you.

Sincerely yours,

Felix Juliani, Chairman
Board of Trustees

12/15/83 Trustees' Mtg

Student Services Report — Dean Coff reported that information was sent to students and and faculty advisors regarding the opening of The Mass Bay Center in Framingham. He indicated that Mr. Ragan, Director of Admissions, has been recruiting new students for the site. Dean Coff also reported that there was the possiblity of having seniors attending the Framingham High Schools complete their last semester at the Roosevelt School.

Faculty Presentation — Professor Ann M. Farrey, Coordinator for the Court and Conference Reporting Program made a presentation to the Board. Ms. Nancy A. Ruvido, a student in this program, recorded Ms. Farrey's presentation and the discussion that followed. (Report is attached as part of the minutes.)

REPORT ON CONTRACT — A contract agreement between the College and Pardini Brothers, Inc. for snow removal, was presented to the Board for their information.

TRUST POLICY AFFIRMATION — On a motion by Mr. Walsh and seconded by Mr. Grossman, it was VOTED unanimously that

> the Board reaffirms its policy that the President be provided $10,000 from the ACPTF, to be used for the purpose of improving faculty, staff, and student moral.
>
> It was also recognized by the Board that their approval of the All College Purpose Trust Fund Budget previously acted upon, recognized the raising of the limit over the $26,000 base budget.

PERSONNEL ACTIONS — A list of personnel actions between Massachusetts Bay Community College and various employees was presented to the Board for their information.

OLD BUSINESS

President Van Winkle indicated that following last month's discussion with the Board of Trustees concerning fees, both he and Dean Coff discussed the proposed increases in the Laboratory Instructional Materials Fee and the Laboratory Course Fee with the Student Senate. In addition, a hearing was held for students to discuss their concerns. No students appeared. However, the Student Senate representatives unanimously supported the increases as being needed to upgrade instructional equipment.

LIMF Fee — On a motion by Mr. Malkasian and seconded by Mr. O'Keefe, it was VOTED unanimously that

> the Board of Trustees approves that the LIMF fee be set at $3.00 per credit hour ($40.00 maximum), effective Spring Semester, 1984.

MASSACHUSETTS BAY COMMUNITY COLLEGE
50 Oakland Street
Wellesley Hills, Massachusetts 02181

MEMORANDUM

TO: Roger Van Winkle
President

FROM: Dan Nadeau
Dean for Administrative Affairs

DATE: March 23, 1985

SUBJECT: Discussion - Auditor Trainor

You are aware of my March memorandum to Auditor Trainor. The next day, I met with him to determine whether there were any other questions that needed to be answered. Some of his comments may require the College to modify existing procedures. Trainor was very pleasant and said he appreciated receiving my explanation. We discussed the various controls exercised by my Office over the use of credit cards, and he agreed they seemed to meet the necessary tests for accountability. This was a turnaround from earlier statements he had made.

On another credit card issue, Trainor believes the College needs to include the names of participants with the receipts documenting College sponsored activities. He says that the comments and credit card receipts identify the activities such as dinners, lunches, celebrations and other activities and are probably sufficient for identification purposes, but the names of personnel who attend these activities should be included in order to complete the documentation. I said we would move to put this in place as soon as possible. If you have no issues in this area, I will advise the other Deans of the change in procedure.

We also discussed several issues concerning cash management. Trainor observed that we appeared slow in handling cash deposits, and that controls for collecting cash in the Continuing Education area should be strengthened. I explained that all College employees who handled money were bonded and that funds were picked up [illegible] the bank's safe. He said we should make use of a lock-box plan to provide better security. I will investigate this recommendation and have it for you.